

Message Text

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ACTION ABF-01

INFO OCT-01 EA-10 ISO-00 SSO-00 SS-15 EB-08 OES-09

DOE-15 SOE-02 AID-05 INR-10 INRE-00 /076 W

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FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC IMMEDIATE 9985

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BANGKOK FOR GAO

E.O. 11652: NA

TAGS: ENRG, ID, AGAO

SUBJECT: GAO REVIEW OF ENERGY'S ROLE IN US/INDONESIAN RELATIONS

REF: STATE 167864

1. SUMMARY: GOI OFFICIALS STRONGLY SUGGEST GAO POSTPONE ITS STUDY UNTIL MID OR LATE SEPTEMBER. EMBASSY BELIEVES THE GOI OBSERVATIONS ON ADVANTAGES OF LATTER DATE ARE CORRECT BUT WILL BE GUIDED BY GAO DESIRES AS TO HOW TO PROCEED. WE REQUEST GAO REPLY BY IMMEDIATE CABLE OR BY PHONE. END SUMMARY.

2. AT MEETING JULY 10 TO COORDINATE GAO TEAM SCHEDULE PER REFTTEL, SENIOR MINISTRY OF MINES OFFICIALS MADE STRONG PITCH FOR GAO TO DELAY VISIT UNTIL AFTER MUSLIM HOLIDAYS END IN SEPTEMBER. STRESSING THEY WERE NOT TRANSMITTING OFFICIAL GOI TURNDOWN TO ALREADY AGREED JULY 17 START OF GAO STUDY, THEY WENT ON TO SAY THERE ARE GOOD, AND TO THEM PERSUASIVE REASONS WHY THE TEAM'S TIME IN INDONESIA WOULD BE QUALITATIVELY IMPROVED BY A SHORT POSTPONEMENT. THESE REASONS ARE:

A) REPELITA III, INDONESIA'S NEW FIVE-YEAR PLAN, WILL BE READY IN SEPTEMBER, AND IMPORTANT INFORMATION ABOUT OIL

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AND ENERGY SECTOR PLANS IN THE PERIOD 1979-84 WILL BE AVAILABLE. THESE OFFICIALS SAID THIS INFORMATON CANNOT BE MADE AVAILABLE TO GAO IN JULY OR AUGUST.

B) MUSLIM FASTING PERIOD BEGINS AUGUST 4. AFTER THAT DATE LOCAL APPOINTMENTS WITHER WILL BE UNAVAILABLE OR LESS PRODUCTIVE THAN USUAL.

C) SENIOR ENERGY OFFICIALS INCLUDING MINISTER SOEBROTO,

PERTAMINA PRESIDENT HARYONO AND MIGAS DIRECTOR WIJARSO WILL BE IN HAWAII JULY 25 THROUGH JULY 30 TO ATTEND ENERGY CONFERENCES. SUBSEQUENTLY, THEY WILL BE IN ARUN AUGUSUT 1 AND 2 TO INAUGURATE THE LNG PLANT.
D) MORE GENERALLY, MANY INDONESIAN AND U.S. OIL OFFICIALS ARE ON VACATION DURING THE SUMMER MONTHS AND APPOINTMENTS WILL BE EASIER AND MORE FRUITFUL IN SEPTEMBER AND OCTOBER.

3. EMBASSY OFFICER TOOK THESE OBSERVATIONS AND MADE FOLLOWING COMMENTS: EMBASSY IN NOT IN POSITION TO RE-SCHEDULE THE GAO VISIT. HE NOTED GAO STUDY HAS BEEN POSTPONED BEFORE, AND THIS TIME PLANS ARE ALREADY WELL ADVANCED. HE ALSO NOTED GAO WILL BE DRAWING ON INFORMATION AVAILABLE AT EMBASSY AND WORK DONE IN U.S., AND THEREFORE, LOCAL CALLS ARE NOT EXPECTED TO SUPPLY ALL THE INSIGHTS AND DATA NEEDED FOR THE REPORT. FINALLY, HE SAID THE JULY/AUGUST PERIOD MAY NOT BE OPTIMUM, BUT WITH SOME FLEXIBILITY IT COULD STILL BE USEFUL FOR GAO PURPOSES.

4. GOI OFFICIALS REPEATED THEIR POSITION SEVERAL TIMES DURING THE 2 1/2 HOUR DISCUSSION, LEAVING NO DOUBT THEY BELIEVE THE STUDY SHOULD BE POSTPONED. EMBASSY OFFICER AGREED TO PASS THESE OBSERVATIONS TO GAO FOR ITS CONSIDERATION.

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5. EMBASSY COMMENT: IT IS CLEAR THAT CABINET LEVEL OF GOI STILL WELCOMES GAO TEAM VISIT BEGINNING JULY 17. IT IS ALSO CLEAR THAT SENIOR ENERGY OFFICIALS CHARGED WITH ARRANGING AND PARTICIPATING IN THE STUDY GENUINELY BELIEVE THE VISIT WOULD BE IMPROVED IF IT IS POSTPONED UNTIL THE FALL. THEIR POINT ON THE INFORMATION AND DISCUSSIONS ABOUT THE NEW FIVE-YEAR PLAN IS ESPECIALLY WELL TAKEN AND PRIOR TO THE PLAN'S RELEASE WE DOUBT THE GAO WILL HAVE USEFUL DISCUSSIONS ON ITS CONTENT. THIS IS IMPORTANT BECAUSE CURRENT INFORMATION ON KEY SUBJECTS MAY BE QUICKLY OVERTAKEN BY NEW INFORMATION IN REPELITA III. (FYI-ALTHOUGH PART OF PLAN MAY BE READY IN SEPTEMBER, EMBASSY CANNOT BE SURE THAT FULL DETAILS WILL BE AVAILABLE AT THAT TIME.) IT IS ALSO ACCURATE THAT THE RANGE AND QUALITY OF APPOINTMENTS WOULD BE BETTER IN SEPTEMBER AND OCTOBER THAN IN JULY AND AUGUST, THIS FOR U.S. OIL COMPANIES AS WELL AS INDONESIAN OFFICIALS.

6. EMBASSY WILL PROCEED AS GAO WISHES ON THIS. IN OUR JUDGEMENT THE ABOVE GOI OBSERVATIONS ARE PROBABLY CORRECT ALTHOUGH UNFORTUNATELY SOMEWHAT TARDY IN COMING. WE ARE PREPARED EITHER TO CONTINUE

WITH EXISTING SCHEUDLE OR TO ARRANGE POSTPONEMENT
UNTIL MID OR LATE SEPTEMBER. WE REQUEST REPLY BY
IMMEDIATE CABLE OR PHONE. (HOME PHONE FOR PETROLEUM
OFFICER LAWRENCE P. TAYLOR: 791-764.)
MASTERS

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